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*Jeffrey M. Nelson*  
*Chief Counsel & Director of Legal Services*

April 6, 2018

**VIA ELECTRONIC FILING**

Jocelyn G. Boyd, Esquire  
Chief Clerk & Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

Re: Joint Application of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for Approval to Transfer Certain Intercompany Assets and for Related Accounting Authority and Request for Expedited Review  
**Docket No. 2018-120-E**

Dear Ms. Boyd,

Please allow this memorandum to serve as notification that the Office of Regulatory Staff ("ORS") does not oppose the Petition by Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP") (collectively, "Duke") filed in the above referenced Docket.

Duke's maintenance on its generation fleet requires it to maintain access to rotatable fleet spares ("RFS"), which are spare parts for planned and unplanned outages. Duke is seeking to optimize the management of its respective RFS inventory by transferring a set of 3<sup>rd</sup> Stage Buckets from DEC's Dan River Combined Cycle Station to DEP's Sherwood H. Smith, Jr. Energy Complex. Transferring RFS inventory between DEC and DEP at fair market value instead of net book value will result in material costs savings that will benefit Duke and its ratepayers. Duke also requests authority to use the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts in order to account for the difference between the fair market value and the net book value of the RFS asset.

Duke's request for relief in its Application will not involve a change to any retail rates or prices at this time or require any change in any South Carolina Public Service Commission rule, regulation, or policy nor will the issuance of the requested accounting order prejudice the right of any party to address the prudence of these costs in DEC's or DEP's next general rate case proceeding.

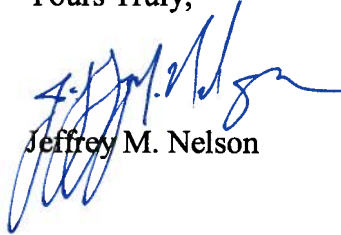
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Based on the information provided, ORS has no objection to Duke's Application for authority to transfer intercompany assets and for accounting authority.

If you have any questions regarding this matter, please contact me at your convenience.

Yours Truly,



Jeffrey M. Nelson

cc: Parties of Record (via E-mail & U.S. Mail)  
Joseph Melchers, Esquire (via E-mail)